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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

WILLIAMS-SONOMA, INC.,

Case No. 3:18-cv-07548-AGT

Plaintiff,

**AMAZON.COM, INC.'S OPPOSITION TO
WILLIAMS-SONOMA, INC.'S MOTION FOR
LEAVE TO FILE SECOND SUPPLEMENTAL
COMPLAINT**

V

AMAZON.COM, INC.

Defendant

Date: April 24, 2020
Time: 10:00 a.m.
Ctrm: A – 15th Floor
Judge: Honorable Alex G Tse

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1 **I. INTRODUCTION**

2 The sole issue presented by WSI’s proposed copyright complaint is whether Amazon is liable for
 3 copyright infringement when *third parties* copy WSI’s copyrighted photographs and upload them,
 4 resulting in their display on Amazon’s website. WSI claims that Amazon is liable merely because its
 5 software—automatically and without any human review—displays some photographs uploaded by users
 6 and not others. Not only is this claim barred as a matter of law, but it comes months too late.

7 WSI does not deny that it has long known that product pages on Amazon’s website may display
 8 WSI’s copyrighted photographs if those photographs are uploaded by third parties. WSI alleged as much
 9 in its initial complaint, in December 2018. Yet WSI now seeks to file a supplemental complaint—*nine*
 10 *months* after its deadline to do so has passed, after WSI informed the Court that Amazon’s total revenue
 11 from the supposedly infringing activities alleged in its existing complaint was an amount that is almost
 12 certainly less than the parties have already spent on attorneys’ fees, and a few weeks before Judge Spero
 13 convenes the parties for a continuation of their March 10 settlement conference—claiming for the first
 14 time that the same actions it alleged more than a year ago in its initial complaint infringe its copyrights.

15 WSI purports to have been diligent in pursuing its copyright claims because it believed prior to
 16 the amendment deadline that “third-party sellers were the ones publishing WSI’s images on Amazon.”
 17 Mot. at 1. They are, and WSI has not alleged otherwise in its second supplemental complaint. Rather,
 18 the only new information that WSI says it did not have prior to the amendment deadline is that Amazon’s
 19 software plays a role in determining *which* photographs selected and uploaded by third parties are
 20 ultimately displayed on Amazon’s website. WSI claims it could not have learned this information in
 21 time because “Amazon’s product detail page algorithms are not public.” Mot. at 9.

22 But WSI’s newly concocted claim has nothing to do with the precise way in which Amazon’s
 23 algorithms work. Instead, it depends merely on the *fact* that Amazon’s software can, in certain
 24 circumstances, determine which images selected and uploaded by third-party sellers appear in connection
 25 with the sellers’ product listings on Amazon.com. *That* fact—that Amazon’s software sometimes
 26 determines which pictures are shown—has been public for years. WSI could have discovered the role of
 27 Amazon’s software through a simple Google search, but it apparently never bothered to look.

28 Nor can WSI explain why it waited seven months after the deposition that supposedly alerted it to

1 the basis for its copyright claims before seeking to supplement its complaint. Even if WSI’s explanation
 2 were to be taken at face value, WSI was aware of Amazon’s algorithmic display of product images
 3 submitted by third parties by no later than August 2019. Yet WSI waited close to another five months
 4 merely to raise the *possibility* that it might file a supplemental complaint, and another two months after
 5 that before filing this motion. This delay demonstrates WSI’s lack of diligence, has further prejudiced
 6 Amazon, and further justifies the denial of WSI’s motion.

7 Not only did WSI fail to adequately pursue its claims, but WSI’s claims are also futile. As noted
 8 above, WSI has alleged only that third parties submit infringing product photographs to Amazon, and
 9 that Amazon has automatic processes in place that determine (without human review) which photographs
 10 are shown at any given time. But these types of purely automatic processes are not copyright
 11 infringement.

12 First, the Digital Millennium Copyright Act (“DMCA”) provides that service providers like
 13 Amazon are not liable for copyright infringement when their users upload infringing photographs. Clear
 14 case law holds that the DMCA “safe harbor” applies *even if* a service provider has automatic systems in
 15 place that choose which content to display.

16 Second, even if the DMCA did not apply, WSI would still have to plead that Amazon engages in
 17 volitional conduct that directly causes the infringement. But, under Ninth Circuit case law, automatic
 18 processes involving no human review that copy, display or transmit infringing content uploaded by
 19 others does *not* constitute volitional conduct.

20 WSI’s motion should therefore be denied.

21 **II. BACKGROUND**

22 **A. Amazon’s Service**

23 Amazon.com allows third-party sellers to list goods for sale. *See* Decl. of Diana M. Rutowski in
 24 Supp. Williams-Sonoma, Inc.’s Mot. for Leave to File Second Supplemental Compl. (“Rutowski Decl.”),
 25 Ex. A (“SSC”) ¶ 17. Among the products that third-party sellers have listed for sale on Amazon’s
 26 website are genuine, Williams-Sonoma branded goods. WSI has never alleged—in its initial complaint,
 27 in its first amended and supplemental complaint, or in its proposed second supplemental complaint—that
 28 the Williams-Sonoma goods listed for re-sale on Amazon.com are anything other than genuine,

1 Williams-Sonoma branded products. Nor has Williams-Sonoma ever alleged that the Williams-Sonoma
 2 goods are listed for sale by Amazon itself, rather than by third parties.

3 Products offered by third-party sellers via Amazon.com are displayed on “product detail pages,”
 4 or “PDPs,” which include information about the relevant product such as the product name, the brand,
 5 product pictures, the price, and the identity of the third-party seller. *See, e.g.*, PDP for Williams-Sonoma
 6 Classic Striped Dishcloths, Dishrags, Drizzle Grey (Set of 4), *available at*
 7 https://www.amazon.com/Williams-Sonoma-Classic-Striped-Dishcloths-Dishrags/dp/B07KJYHSJF/ref=sr_1_1?dchild=1; SSC ¶ 18. With respect to Williams-Sonoma branded
 9 products, all of the information displayed about the product on the PDP—including the product images—
 10 is entered by third-party sellers. *Id.*

11 Even if multiple sellers offer a particular product, there will be only one PDP for that product. *Id.*
 12 ¶ 18. WSI does not dispute that the information about the product displayed on a PDP comes from the
 13 third-party seller (or sellers) of the product. In other words, even accepting WSI’s allegations in its
 14 proposed second supplemental complaint as true, to the extent an infringing image of a Williams-Sonoma
 15 branded product appears on Amazon, that image was copied and uploaded by a third party, not Amazon.
 16 *Id.* ¶¶ 18-19. The only involvement by Amazon that WSI alleges is that when multiple images submitted
 17 by third-party sellers “exist for a product, Amazon, by and through its algorithms, selects which product
 18 image, among other elements, is most likely to make the sale and displays that image on the public listing
 19 page for the product.” SSC ¶ 2; *see also id.* ¶ 19 (“Amazon uses multiple algorithms to evaluate and
 20 select the **seller-contributed** content for a wide variety of aspects of its product listings, including
 21 images.”) (emphasis added). WSI claims that “Amazon’s algorithms have repeatedly selected WSI’s
 22 copyrighted images to copy and display on Amazon’s product listing pages.” *Id.* ¶ 3. WSI
 23 acknowledges that the selection of the image displayed on the PDP is performed by “an algorithm rather
 24 than a human.” *Id.*

25 It is no secret that Amazon’s software automatically determines which seller’s contribution
 26 ultimately appears on PDPs. To the contrary: on its website, Amazon repeatedly and publicly discloses
 27 that fact. For example, the webpage screenshotted in Paragraph 18 of WSI’s proposed second
 28 supplemental complaint currently states (and stated at the time of WSI’s deadline to file an amended

1 pleading) that, when “more than one seller contributes data to a product, ***Amazon determines which***
 2 ***seller’s product information will be displayed on the product detail page.***” Amazon Seller Central,
 3 About Products and Listings, *available at*
 4 https://sellercentral.amazon.com/gp/help/external/G200182950?language=en_US (emphasis added); *see*
 5 *also* SSC ¶ 18; Decl. of Robert Maharaj (“Maharaj Decl.”) ¶ 2, Ex. 1.

6 Other public pages on Amazon’s website similarly reveal Amazon’s role in determining what
 7 information is displayed on a PDP when multiple sellers of a product contribute differing information.
 8 On its public page describing how PDPs work, Amazon notes (and stated at the time of the motion to
 9 amend deadline) that a PDP “is a shared space that displays attributes that are common to all offers for
 10 the product, such as . . . *image*,” and that “***Amazon chooses*** what information to include on the product
 11 detail page based on manufacturer and seller contributions.” Amazon Seller Central, Product Detail
 12 Pages and Offers, *available at* <https://sellercentral.amazon.com/gp/help/external/51> (emphasis added);
 13 *see also* Maharaj Decl. ¶ 3, Ex. 2.

14 On yet another publicly available page, Amazon instructed sellers as of WSI’s deadline to amend
 15 that “[w]hen multiple sellers sell the same product through a single detail page, ***we*** [i.e., Amazon]
 16 combine the best product data from across various seller submissions to ensure customers get the best
 17 experience. You, other sellers, and manufacturers can contribute product information on a product detail
 18 page. Amazon will ***automatically select*** the information that is displayed on detail page.” Maharaj Decl.
 19 ¶ 4, Ex. 3 (emphasis added); *see also* Amazon Seller Central, Suggest Changes to Your Product Detail
 20 Page, *available at* https://sellercentral.amazon.com/gp/help/external/G200335450?language=en_US
 21 (current version of the same page, which states “[w]hen multiple sellers sell the same product through a
 22 single detail page, ***Amazon automatically combines*** the best product data from across various seller
 23 submissions to ensure customers get the best experience”) (emphasis added). That same page further
 24 clarifies—both as of WSI’s amendment deadline and currently—that “[w]hen evaluating [sellers’]
 25 contributions, [Amazon] consider[s] [the seller’s] sales volume, refund rate, buyer feedback, and A-to-z

1 Guarantee claims.” *Id.*; Maharaj Decl. ¶ 5, Ex. 3.¹ The public page also (then and now) informs sellers
 2 that (a) they can edit the information included on a PDP, including “images”; and (b) if, after 6 hours, the
 3 seller’s proposed contributions “do not show up on the product detail page, **Amazon’s system** has
 4 selected another contributor’s information.” *Id.* (emphasis added); Maharaj Decl. ¶ 5, Ex. 3.

5 The public webpage informing sellers about how to prepare product images is even more explicit.
 6 It stated, as of WSI’s motion to amend deadline: “Uploading an image doesn’t guarantee that it will be
 7 displayed on the product detail page or search pages. Amazon uses complex image ranking technology
 8 to determine the best images to display.” Maharaj Decl. ¶ 7, Ex. 5; *see also* Seller Central, Prepare
 9 Product Images, *available at*

10 https://sellercentral.amazon.com/gp/help/external/16881?language=en_US&ref=efph_16881_cont_8AYHBC6L33W3NZK (current version of page which states, “Uploading an image does not guarantee that it
 11 will be displayed on the product detail page or search pages. Amazon uses complex image ranking
 12 technology to determine display images); Maharaj Decl. ¶ 8, Ex. 6.

14 One does not need to be intimately familiar with Amazon’s website to locate these pages. First,
 15 all these pages are publicly available through the “help” section of Seller Central, which is the platform
 16 used by third parties who wish to sell products through Amazon.com. Declaration of Allyson R. Bennett
 17 (“Bennett Decl.”) ¶¶ 2-5. While some Seller Central pages require a logon to access, none of the above
 18 pages require a logon. *Id.* ¶ 6; *see also* Maharaj Decl. ¶¶ 2-8 (describing the pages “as publicly
 19 available”). Second, these pages are also returned as search results in response to obvious Google
 20 queries. For example, the page on “Product detail pages and offers” is one of the first results in response
 21 to a query on Google for “amazon multiple sellers PDP pages.” Bennett Decl. ¶ 7. The “prepare
 22 product images” page that discusses Amazon’s “image ranking technology” is one of the first search
 23 results in response to a query for “product images on Amazon,” as well as a query for “how does

24

25 ¹ The language on that webpage was slightly different prior to the time that WSI filed its initial
 26 complaint, but the substance was materially the same for these purposes. For example, from March 6,
 27 2017 through March 25, 2019, the page stated “You, other sellers, and manufacturers can contribute
 28 product information on a product detail page. Amazon will automatically select the information. . . . When
 multiple sellers sell the same product through a single detail page, we combine the best product
 data from across various seller submissions to ensure customers get the best experience. The product
 detail page shows information selected by Amazon to represent the product.” Maharaj Decl. ¶ 6, Ex. 4.

1 Amazon select product images.” *Id.* ¶¶ 8-9.

2 **B. Procedural Background**

3 This case has been pending since December 14, 2018. In its initial complaint, WSI alleged that
 4 Amazon’s website “often uses WSI’s own copyrighted photos and product imagery.” Compl. (Dkt. 1)
 5 ¶ 28. That initial complaint did not include a claim for copyright infringement.

6 On May 10, 2019, the parties submitted an agreed case schedule proposing that June 3, 2019 be
 7 the last day to amend the pleadings. ECF No. 45. The Court adopted that date. *See* Case Management
 8 and Pretrial Order for Jury Trial (Dkt. 46) at 3.² On June 3, 2019, WSI did amend and supplement its
 9 complaint. As with its initial complaint, WSI’s amended and supplemental complaint once again alleged
 10 that Amazon’s website “often uses WSI’s own copyrighted photos and product imagery.” First Amended
 11 and Supplemental Compl. ¶ 28. It did not contain a claim for copyright infringement.

12 WSI served its first set of discovery requests on May 15, 2019, and Amazon first began
 13 producing documents on July 15, 2019. Amazon’s first production, which included 115 documents,
 14 included the “product detail pages and offers” page described above. Bennett Decl. ¶ 8. In its second
 15 production, which included 86 documents and was made on August 9, 2019, Amazon produced a number
 16 of internal wiki pages providing detailed explanations of how Amazon’s algorithms combine multiple
 17 seller contributions into one PDP. *Id.* ¶ 9.

18 The same day that WSI served its first written discovery requests, WSI also served a 30(b)(6)
 19 notice listing 14 deposition topics, many of which had multiple subparts. On August 28, 2019, WSI
 20 deposed Faeza Asvat, one of Amazon’s 30(b)(6) witnesses. Ms. Asvat testified that, when multiple
 21 sellers contribute information to a single PDP, Amazon’s algorithms “determine which contribution to
 22 show on the detail page,” including images. Mot. at 4 (quoting Rutwoski Decl. Ex. E). Between August
 23 and October 2019, WSI deposed four Amazon witnesses in addition to Ms. Asvat. To date, WSI has
 24 used more than 15 hours of deposition time, exceeding by more than an hour the agreed 14-hour limit on
 25 30(b)(6) depositions set out in the case management order.

26 Despite deposing Ms. Asvat in August 2019, WSI did not so much as hint at its desire to file a
 27

28

 ² WSI does not dispute that this deadline applies to its proposed second supplemental complaint.

1 second supplemental complaint until a case management conference held on January 10, 2020. That
 2 conference followed from an order that the Court had issued in December, requiring WSI to file a
 3 statement addressing the “worth of this case.” Dkt. 72. In its response to that order, Amazon noted that
 4 WSI had previously calculated the total revenue from the sales of products at issue in this case at an
 5 amount that was likely less than parties had spent on attorneys’ fees. Dkt. 76 at 8. Notably, it was at the
 6 case management conference to discuss that joint submission that WSI raised for the first time that it may
 7 also seek to bring copyright claims. WSI then waited until March 20, 2020 to file the instant motion.³

8 **III. ARGUMENT**

9 **A. Good cause does not exist under Rule 16(b) because Williams-Sonoma has not been**
 10 **diligent**

11 Where, as here, a party seeks to file an amended or supplemental pleading after a court-ordered
 12 deadline, a party’s ability to amend is governed by the “good cause” standard of Rule 16, not the more
 13 “liberal” standard of Rule 15. *Johnson v. Mammoth Recreations, Inc.*, 975 F.2d 604, 607 (9th Cir. 1992).
 14 Rule 16’s “good cause” standard “primarily considers the diligence of the party seeking the amendment.”
 15 *Id.* at 609. “Although the existence or degree of prejudice to the party opposing the modification might
 16 supply additional reasons to deny a motion, the focus of the inquiry is upon the moving party’s reasons
 17 for seeking modification. If that party was not diligent, the inquiry should end.” *Id.* (internal citation
 18 omitted).

19 WSI was not diligent.

20 WSI has long known that its copyrighted photographs appear on Amazon.com. Indeed, it even
 21 put that fact at issue *in this case* by alleging as much in both its initial complaint and its first amended
 22 and supplemental amended complaint. The only additional information that WSI claims it needed to
 23

24 ³ While WSI has styled its proposed pleading as a supplemental pleading under Federal Rule of Civil
 25 Procedure 15(d), it is more accurately described as an amended pleading under Federal Rule of Civil
 26 Procedure 15(a). That is because the proposed complaint (as noted below) “relate[s] to matters that
 27 occurred prior to the filing of the original pleading,” rather than alleging a cause of action “not in
 28 existence” when the original complaint was filed. *See Frederick v. California Dep’t of Corr. & Rehab.*,
 No. C 08-2222 MMC PR, 2012 WL 2077305, at *1 (N.D. Cal. June 8, 2012) (internal quotations
 omitted); *see also Green Payment Sols., LLC v. First Data Merch. Servs. Corp.*, No. CV 18-1463 DSF
 (ASX), 2018 WL 6333697, at *2 n.2 (C.D. Cal. Oct. 30, 2018). That said, because WSI does not dispute
 that the same analysis applies to its proposed *supplemental* pleading as would apply if it had instead
 styled its proposed pleading as an *amended* pleading, the Court need not decide the issue.

1 bring its copyright claims is that Amazon's software sometimes plays a role in determining which of
 2 multiple user-submitted photographs appears on its website.

3 If WSI had done *any* reasonable investigation of its potential copyright claims, it would have
 4 discovered the vast amount of public information disclosing the role that Amazon's algorithms play in
 5 selecting the images that appear on PDPs. WSI justifies its wholesale failure to investigate by arguing
 6 that Amazon's publicly facing website merely "hints at the control that Amazon exerts." Mot. at 3.
 7 Amazon's public website does far more than "hint": It discloses explicitly—and repeatedly—that when
 8 multiple sellers contribute information to a PDP, including images, Amazon has software that
 9 automatically determines which seller's contribution is publicly displayed.

10 The only details contained in the deposition testimony that WSI cites in its motion that WSI could
 11 not have gleaned from public documents are the names of the relevant processes and systems. All of the
 12 information disclosed in Ms. Asvat's and Mr. Andrews's depositions about how the processes actually
 13 work (i.e., the information that WSI claimed it needed to bring its copyright claims) was publicly
 14 available, including that:⁴

- 15 • When "more than one seller contributes data to a product, ***Amazon determines which***
 16 ***seller's product information will be displayed on the product detail page.***"
 17 https://sellercentral.amazon.com/gp/help/external/G200182950?language=en_US
 18 (emphasis added); Maharaj Decl. ¶ 1, Ex. 1;
- 19 • "***Amazon*** will ***automatically select*** the information that is displayed on detail page" when
 20 multiple sellers contribute information to a PDP. Maharaj Decl. ¶ 4, Ex. 3 (emphasis
 21 added); *see also id.* ¶ 6, Ex. 4.
- 22 • "When ***evaluating*** [sellers'] contributions, ***[Amazon] consider[s]*** [the seller's] sales
 23 volume, refund rate, buyer feedback, and A-to-z Guarantee claims." *Id.* ¶ 4, Ex. 3; *see*
 24 *also* https://sellercentral.amazon.com/gp/help/external/G200335450?language=en_US
 25 (emphasis added); and
- 26 • "Uploading an image doesn't guarantee that it will be displayed on the product detail page

28

⁴ For that reason, Amazon does not object to the public filing of Rutowski Declaration Exhibits E and F.

1 or search pages. *Amazon uses complex image ranking technology to determine the best*
 2 *images to display.*” Maharaj Decl. ¶ 7, Ex. 5; *see also id.* ¶ 8, Ex. 6; Seller Central,
 3 Prepare Product Images, *available at*
 4 https://sellercentral.amazon.com/gp/help/external/16881?language=en_US&ref=efph_16881_cont_8AYHBC6L33W3NZK.

6 WSI does not claim that it conducted a reasonable investigation into Amazon’s control over the
 7 information that appears on PDPs but failed to find this publicly available information. Indeed, WSI
 8 does not contend that it conducted any investigation at all prior to the deadline for filing an amended
 9 pleading. *See* Rutowski Decl. ¶ 8 (stating that WSI “[f]ollowing these depositions [in August and
 10 *October 2019], WSI undertook an analysis of whether it could bring a copyright claim”) (emphasis
 11 *added). That is not diligence. *See, e.g.*, Green Payment Sols., LLC, 2018 WL 6333697, at *2 (denying*
 12 *leave to amend where the presence of the defendants’ names and marks on Plaintiff’s website was*
 13 *“readily available public information”); Radford v. U.S. Bank Nat'l Ass'n for Structured Asset Inv. Loan*
 14 *Tr. 2006-BNC3, No. CV 10-00766 ACK-KSC, 2012 WL 13024769, at *4 (D. Haw. Feb. 8, 2012)*
 15 *(denying leave to amend where party could have learned the necessary information prior to the deadline*
 16 *from a publicly available deposition transcript).⁵**

17 Even if WSI could be excused for not finding this publicly available information, WSI still could
 18 not show diligence. By WSI’s own account, it learned of the role of Amazon’s algorithms during the
 19 deposition of Ms. Asvat in August 2019. But it then decided to wait almost *five months* to alert the
 20 Court or Amazon that it was considering filing a supplemental pleading, and almost *seven months* to file
 21 this motion. *See Eckert Cold Storage, Inc. v. Behl*, 943 F. Supp. 1230, 1233 (E.D. Cal. 1996) (denying
 22 leave to amend where the party waited seven months after receiving the necessary documents before
 23 filing its motion to amend). Even though the amendment deadline had passed at the time of Ms. Asvat’s
 24 deposition, WSI still needed to be diligent in filing its new pleading. *See, e.g.*, *See UMG Recordings,*
 25 *Inc. v. Glob. Eagle Entm’t, Inc.*, No. CV143466MMMJPXR, 2015 WL 12746208, at *9 (C.D. Cal. Oct.

26
 27 ⁵ Both parties agree that district courts in the Ninth Circuit have applied the same standards to motions to
 28 amend as to motions to supplement, *see* Mot. at 8 n.1, and both parties rely on cases regarding motions to
 amend. *See, e.g.*, *id.* at 9 (relying on Camacho v. Jefferson Capital Sys., LLC, No. 14-cv-02728-BLF,
 2015 WL 1939071 (N.D. Cal. April 28, 2015)).

1 30, 2015 (“Stated differently, assuming a modification of the schedule is requested—and Rule 16 is
 2 implicated—any delay in seeking amendment must be adequately explained, whether that delay took
 3 place between a date within the amendment deadline and a date outside the deadline, or between two
 4 dates outside the deadline.”); *see also Adobe Sys. Inc. v. Coffee Cup Partners, Inc.*, No. C 11-2243 CW,
 5 2012 WL 3877783, at *6 (N.D. Cal. Sept. 6, 2012) (party seeking amendment must show “that the
 6 scheduling order imposes deadlines that have become unworkable notwithstanding its diligent efforts to
 7 comply with the schedule, and that it was diligent in seeking the amendment once it became apparent that
 8 extensions were necessary”) (emphasis added).

9 WSI’s sole explanation for its several-month delay is that WSI had to find a product image on
 10 Amazon’s website that was covered by one of WSI’s copyright registrations. But WSI had already
 11 alleged in each of its prior pleadings that Amazon displayed WSI’s copyrighted images on Amazon.com,
 12 and presumably had a Rule 11 basis to do so at that time.

13 In sum, WSI has no excuse for failing to investigate its claims prior to the deadline to amend, and
 14 no excuse for waiting more than half a year after taking what WSI claims to be the key deposition to seek
 15 leave to supplement its complaint. WSI therefore cannot show “good cause” for supplementation, and its
 16 motion should be denied. *See Johnson*, 975 F.2d at 607.

17 **B. WSI cannot satisfy Rule 15(d)’s standard for supplementation**

18 Even if WSI could show good cause under Rule 16, it would still have to show that amendment
 19 was justified under Rule 15. *See Johnson*, 975 F.2d at 608. It cannot do so.

20 In evaluating a motion to file a supplemental complaint, courts consider a number of factors,
 21 including bad faith, undue delay, prejudice, futility, and whether a party has previously amended its
 22 complaint. *See Nunes v. Ashcroft*, 375 F.3d 805, 808 (9th Cir. 2004); *Lockheed Martin Corp. v. Network*
 23 *Sols., Inc.*, 194 F.3d 980, 986 (9th Cir. 1999); *see also Frederick*, 2012 WL 2077305, at *2 (“The
 24 standards for granting a motion for leave to file a supplemental pleading are the same as those for
 25 granting a motion to file an amended complaint under Rule 15(a).”). Courts also consider whether
 26 allowing the filing of the supplemental complaint would further judicial economy, the relatedness of the
 27 original and supplemental claims, whether final judgment has been entered, and whether the proposed
 28 supplemental allegations relate to defiance of a prior court order. *Frederick*, 2012 WL 2077305, at *2;

1 Singleton v. Kernan, No. 3:16-CV-2462-BAS-NLS, 2017 WL 4021536, at *3 (S.D. Cal. Sept. 12, 2017),
 2 report and recommendation adopted, No. 16-CV-02462-BAS-NLS, 2017 WL 4340420 (S.D. Cal. Sept.
 3 29, 2017).

4 These factors demonstrate that supplementation is not justified.

5 **1. WSI’s copyright claims are futile**

6 Motions to supplement a party’s pleading should be denied as futile where the proposed pleading
 7 fails to state a claim. *See Nunes*, 375 F.3d at 808 (“Futility alone can justify the denial of a motion for
 8 leave to amend.”). “In assessing futility, a court typically applies the same standard of legal sufficiency
 9 as applies under Federal Rule of Civil Procedure 12(b)(6).” *Berry v. UCSF*, No. C-09-0499 EMC, 2009
 10 WL 5092027, at *1 (N.D. Cal. Dec. 17, 2009). Under that standard, WSI’s proposed copyright claim is
 11 futile: WSI has alleged only that Amazon’s software automatically causes certain photographs submitted
 12 by third parties to appear on Amazon.com, without any human review. The Ninth Circuit has held as a
 13 matter of law that such automatic processes do not create copyright liability.⁶

14 **a. WSI has not alleged that Amazon’s activities are not “at the direction
 of the user”**

15 WSI’s claims are futile because they fail to remove Amazon from the protection of the DMCA
 16 safe harbors. Section 512 of the DMCA is intended to “strike[] a balance between the interests of
 17 copyright holders in benefiting from their labor; entrepreneurs in having the latitude to invent new
 18 technologies without fear of being held liable if their innovations are used by others in unintended
 19 infringing ways; and those of the public in having access to both.” *Mavrix Photographs, LLC v.
 20 Livejournal, Inc.*, 873 F.3d 1045, 1051 (9th Cir. 2017) (internal quotations and alterations omitted). It
 21 strikes this balance by “requiring service providers to take down infringing materials when copyright
 22 holders notify them of the infringement and by limiting service providers’ liability for unintentional
 23 infringement through several safe harbors.” *Id.* at 1051-52. If one of the safe harbors applies, the service
 24 provider is insulated from liability for damages and most types of injunctive relief. Courts can decide the
 25 applicability of the DMCA safe harbors on a motion to dismiss. *See Long v. Dorset*, 369 F. Supp. 3d
 26

27 ⁶ While Amazon gives an overview of several arguments it would make in a Rule 12(b)(6) motion, if the
 28 court finds Amazon’s preview to be insufficient to demonstrate futility and WSI’s motion is granted,
 Amazon should be given the opportunity to present its arguments fully in a motion dismiss.

1 939, 947 (N.D. Cal. 2019) (dismissing plaintiff’s claims because the DMCA safe harbors applied).

2 The relevant safe harbor here is the one provided under Section 512(c) of the DMCA, which
 3 dictates that a service provider (like Amazon) “shall not be liable . . . infringement of copyright **by**
 4 **reason of the storage at the direction of a user** of material that resides on a system or network controlled
 5 or operated by or for the service provider,” so long as certain conditions not at issue here are met. 17
 6 U.S.C. § 512(c) (emphasis added).⁷ WSI argues that the display of its copyrighted photographs on PDPs
 7 does not qualify as “storage at the direction of a user”—and that Section 512(c) therefore does not
 8 apply—because Amazon has software that automatically determines which images submitted by users
 9 appear on a PDP (if more than one user has submitted images). *See* Mot. at 1; *see also*, e.g., SSC ¶ 2
 10 (“when multiple images exist for a product, Amazon, by and through its algorithms, selects which
 11 product image, among other elements, is most likely to make the sale and displays that image on the
 12 public listing page for the product”); *id.* ¶ 3 (“Amazon’s algorithms have repeatedly selected WSI’s
 13 copyrighted images to copy and display on Amazon’s product listings.”).

14 That argument is foreclosed by Ninth Circuit law. “Infringing material is stored at the direction
 15 of the user if the service provider played no role in making that infringing material accessible on its site
 16 **or** if the service provider carried out activities that were ‘narrowly directed’ towards enhancing the
 17 accessibility of the posts.” *Mavrix Photographs, LLC v. Livejournal, Inc.*, 873 F.3d 1045, 1056 (9th Cir.
 18 2017) (emphasis added). Accessibility enhancing activities include “software processes that
 19 automatically occur when a user uploads materials.” *Id.* at 1056 n.12.

20 Amazon’s algorithmic display of product images that are uploaded by its users qualify as exactly
 21 the type of “accessibility-enhancing” activities that courts have approved. For example, in *Viacom Int’l,
 22 Inc. v. YouTube, Inc.*, the Second Circuit held that YouTube’s “related videos” function was covered by
 23 the safe harbor for storage of copyrighted material at the direction of the user. The “related videos”
 24 function is a feature “by which **a YouTube computer algorithm identifies and displays** ‘thumbnails’ of

25
 26 _____
 27 ⁷ Those conditions include, among others, that the service provider: (a) not have red flag or actual
 28 knowledge of specific, infringing material on its systems; (b) respond expeditiously to valid takedown
 notices by copyright owners; and (c) reasonably implement a repeat infringer policy. WSI does not
 allege that Amazon fails to satisfy any of the DMCA’s requirements, other than that infringing material
 be stored at the direction of the user.

1 clips that are ‘related’ to the video selected by the user.” 676 F.3d 19, 39-40 (2nd Cir. 2012) emphasis
 2 added). The Second Circuit reasoned that the “related videos function” was covered by the DMCA safe
 3 harbor because it was (a) “fully automated and operates solely in response to user input without the
 4 active involvement of YouTube employees” and (b) “serve[d] to help YouTube users locate and gain
 5 access to material stored at the direction of other users.” *Id.* at 40.

6 WSI has alleged that Amazon’s algorithms function in the same way as YouTube’s. Like
 7 YouTube’s software, Amazon’s automatically (and without manual review) selects certain photographs,
 8 and not others, uploaded by third parties to be shown to its users. SSC ¶ 2-4. Also like YouTube’s
 9 algorithm, Amazon’s helps users locate and gain access to the material stored at the direction of other
 10 users, i.e., the product photographs. *Id.* ¶ 2. Amazon’s activities are therefore fully covered under the
 11 DMCA safe harbor.

12 Citing the Ninth Circuit’s opinion in *Mavrix*, WSI nevertheless argues that “Amazon cannot
 13 evade liability for copyright infringement simply because its photographic editor is an algorithm rather
 14 than a human.” SSC ¶ 3. Unfortunately for WSI, the law says exactly the opposite. Courts—*including*
 15 *the court in Mavrix*—evaluating service providers’ liability under the DMCA safe harbors have
 16 explicitly held that automated activities do not affect safe-harbor eligibility, while manual activities
 17 sometimes do.

18 In *Viacom*, for example, the Second Circuit held that the fully automatic related video function
 19 was covered by the DMCA safe harbor. It also held, however, that a different service that YouTube
 20 offered whereby YouTube *manually* selected certain videos to be “syndicated” to other companies may
 21 not have been covered by the DMCA, and remanded for further fact-finding. *Viacom*, 676 F.3d at 40.
 22 On remand, the district court found that none of the works in suit were actually subject to manual review
 23 and that the safe harbor therefore applied. *Viacom Int’l, Inc. v. YouTube, Inc.*, 940 F. Supp. 2d 110, 122-
 24 23 (S.D.N.Y. 2013). It did not matter, the district court reasoned, that YouTube entered into the
 25 syndication arrangements at issue “for its own business purposes, and not at the direction of users.” *Id.*
 26 What mattered was that YouTube’s actions constituted “steps by a service provider taken to make user-
 27 stored videos more readily accessible (*without manual intervention*) from its system to those using
 28 contemporary hardware.” *Id.* (emphasis added).

1 *Mavrix*, the very case that WSI relies on in arguing that the automated nature of Amazon’s system
 2 does **not** matter, similarly distinguishes between manual processes (which may remove safe harbor
 3 protection depending on the circumstances) and automatic processes (which do not). In that case, the
 4 Ninth Circuit evaluated whether a moderator’s role in manually screening and posting the allegedly
 5 infringing photographs at issue removed the defendant from the safe harbor’s protection. Relying on
 6 both the Second Circuit’s and the District Court’s decisions in *Viacom*, the Ninth Circuit remanded for
 7 further fact finding, directing the district court to “determine whether LiveJournal’s **manual**, substantive
 8 review process went beyond the **automatic** processes we have approved as accessibility-enhancing
 9 activities such that any infringements were still by reason of storage at the direction of the user.” *Mavrix*,
 10 873 F.3d at 1056 n.12 (emphasis added).

11 Because the crux of WSI’s new allegations is that photographs are selected by Amazon’s
 12 “algorithms,”—*i.e.* by automatic, rather than manual, processes—leave to supplement should be denied
 13 as futile.

14 **b. WSI has not alleged volitional conduct**

15 WSI’s claims also fail for the independent reason that it has not alleged that **Amazon**, as opposed
 16 to the third-party sellers that allegedly uploaded WSI’s copyrighted photographs to Amazon’s technology
 17 platform, directly caused the infringement.

18 WSI seeks to bring one claim for direct copyright infringement. Even in the absence of safe
 19 harbor protection, claims for direct copyright infringement “require[] the plaintiff to show causation (also
 20 referred to as ‘volitional conduct’).” *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 666 (9th Cir.
 21 2017). This “volitional conduct” requirement began with the Northern District of California’s decision in
 22 *Religious Tech. Ctr. v. Netcom On-Line Comm’n Sers., Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995), which
 23 held that an online bulletin board was not liable for direct copyright infringement when its users publicly
 24 displayed infringing material on the bulletin board. The court reasoned that **Netcom**, as opposed to its
 25 users, “did not take any affirmative action that directly resulted in copying plaintiffs’ works other than by
 26 installing and maintaining a system whereby software automatically forwards messages received from
 27 subscribers onto the Usenet, and temporarily stores copies on its system.” *Id.* at 1368. Even though
 28 Netcom’s actions may have created copies of the plaintiff’s works, the court reasoned, the steps that

1 Netflix took “were necessary to having a working system for transmitting Usenet postings to and from
 2 the Internet.” *Id.*

3 Since *Netcom*, the Ninth Circuit has recognized that a service provider is not liable for
 4 infringement when it “**automatically** cop[ies], stor[es], and transmit[s] materials upon instigation by
 5 others.” *Giganews, Inc.*, 847 F.3d at 668 (emphasis added). That is all WSI has alleged here: It alleges
 6 that Amazon “**by and through its algorithms**, selects which product image, among other elements, is
 7 most likely to make the sale and displays that image on the public listing page” when “[m]ultiple sellers
 8 of a product . . . submit photographic content to Amazon’s ‘catalog.’” SSC ¶ 2 (emphasis added). But
 9 that is just another way of saying that Amazon automatically copies, stores and displays the photographs
 10 uploaded by its users. That is insufficient as a matter of law. *See Giganews, Inc.*, 847 F.3d at 668; *see also Milo & Gabby, LLC v. Amazon.com, Inc.*, No. C13-1932RSM, 2015 WL 4394673, at *6 (W.D.
 11 Wash. July 16, 2015) (Amazon not liable for copyright infringement based on the appearance of
 12 copyrighted photographs on Amazon’s automatically generated product detail pages).

14 WSI argues that Amazon engages in volitional conduct because “if an Amazon **employee** were
 15 composing those product pages from the submissions by third-party sellers, there is no doubt that
 16 Amazon would be liable for copyright infringement.” Mot. at 9. But that is not what WSI has alleged. It
 17 has alleged only that Amazon’s software automatically processes and displays certain photographs that
 18 were (1) copied by users; (2) selected by users for possible inclusion on Amazon’s website; and (3) then
 19 uploaded to Amazon’s website by users. SSC ¶¶ 2, 4. WSI notably cites *Giganews* in arguing that
 20 Amazon’s automatic processes, standing alone, infringe its copyright. But WSI ignores *Giganews*’ key
 21 holding: namely, that automatic processes like the ones alleged here do **not** constitute volitional conduct.
 22 *Giganews, Inc.*, 847 F.3d at 668. Whether a human being who exercised judgment to perform the same
 23 function would engage in volitional conduct is beside the point.

24 Nor does it matter that, based on the automatic operation of Amazon’s software, not all
 25 photographs submitted by a user appear on a PDP. That Amazon’s software, without any human
 26 intervention or pre-review, affects which photographs uploaded by users appear on PDPs does not make
 27 Amazon directly liable for copyright infringement. *See, e.g., VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d
 28 723, 733 (9th Cir. 2019) (holding that Zillow—which had rules to determine which photograph was

1 displayed when several copies of the same photograph was uploaded—was not directly liable for
 2 copyright infringement when users uploaded copyrighted photographs for display on Zillow’s website);
 3 *see also Fox Broad. Co. v. Dish Network L.L.C.*, 747 F.3d 1060, 1066-68 (9th Cir. 2014) (holding that
 4 plaintiffs were unlikely to succeed on a direct infringement claim against Dish Network when Dish
 5 offered users the option to automatically record all primetime shows on certain networks, even though
 6 Dish chose the start and end times for recordings, decided how long the copies made would be available
 7 for viewing, and prevented users from cancelling a recording once it had begun).

8 So long as Amazon uses an automatic process to display product photographs uploaded by its
 9 users—which is all that WSI alleges—Amazon has not engaged in volitional conduct merely because
 10 that process results in the display of some of WSI’s copyrighted photographs.

11 **2. Because of WSI’s delay, the proposed amendment would prejudice Amazon**

12 In addition to futility, courts consider whether a party has unduly delayed in seeking leave to
 13 amend its claims, as well as whether allowing supplementation would prejudice the other party. *Nunes*,
 14 375 F.3d at 808.

15 For the reasons explained above, WSI has unduly delayed in filing its motion to supplement. *See*
 16 Section III.A, *supra*. Even if that did not suffice to bar the amendment under Rule 16, it is a factor that
 17 weighs against permitting the amendment under Rule 15.

18 Moreover, allowing amendment at this time will greatly prejudice Amazon by extending the
 19 discovery and trial schedule in these proceedings, and multiplying Amazon’s costs. *See Liberty Mut. Ins.*
 20 *Co. v. California Auto. Assigned Risk Plan*, No. C 11-1419 MMC, 2012 WL 3277213, at *4–5 (N.D. Cal.
 21 Aug. 9, 2012) (additional discovery that would require an extension of the fact discovery deadline would
 22 prejudice the other party); *Kesecker v. Marin Cnty. Coll. Dist.*, No. C11-4048 JSC, 2012 WL 3235936,
 23 at *4 (N.D. Cal. Aug. 6, 2012) (plaintiff’s proposed amendment would prejudice the defendant where
 24 current case deadlines would have to be continued).

25 WSI claims that no schedule extension is warranted because the parties will have two months
 26 following the hearing on this motion to complete discovery. Under the best circumstances, discovery on
 27 WSI’s copyright claims would likely take more than two months, even if the parties had completed all
 28 other discovery in this case (which they have not). WSI’s new claim implicates different Amazon teams

1 and custodians who have not yet been involved in this case, requiring additional rounds of initial
 2 disclosures and custodian interviews.

3 Further, the amount of discovery required by WSI's proposed second supplemental complaint is
 4 likely to be significant. For example, Amazon is likely to seek discovery of WSI's copyright registration
 5 information, communications with the copyright office, deposit copies of the alleged copyrighted works,
 6 and value of the alleged copyrighted works to WSI. WSI is likely to seek information regarding, at a
 7 minimum: all product images for *all* of the WSI-branded products sold by third-party sellers via
 8 Amazon.com, the identity of the third-party sellers of those products, information about when the images
 9 were uploaded and by whom, and information about Amazon's algorithms that determine which images
 10 are displayed on a PDP. And that is likely only the beginning.

11 That would be too much to complete in two months even in normal times, but delay is especially
 12 likely here because of the ongoing disruption caused by the COVID-19 outbreak. As WSI itself
 13 acknowledged, the most recent discovery extension was necessitated by the severe disruption occurring
 14 to the parties' businesses in light of the pandemic. This disruption means that it takes longer for Amazon
 15 to interview custodians, and to locate and produce documents than it otherwise would.

16 Second, in addition to document discovery, additional motion practice and depositions are likely
 17 required if WSI's motion to supplement is granted. Not only will the additional briefing and depositions
 18 further delay proceedings, but they also constitute independent grounds for prejudice by unduly
 19 increasing the litigation burden on Amazon. Amazon has already filed a motion to dismiss, but WSI's
 20 second supplemental complaint would likely require another one. Further, WSI has already used **more**
 21 **than** the **total** time allotted in the case management order for 30(b)(6) depositions of Amazon's
 22 witnesses. *See Frederick*, 2012 WL 2077305, at *2 (denying leave to supplement where the parties had
 23 already engaged in dispositive briefing, and settlement proceedings, and where the defendant had already
 24 deposed the plaintiff).

25 Third, injecting copyright issues into this case will likely significantly increase the complexity of
 26 this already complicated litigation—thereby increasing the difficulties and expense of presenting the case
 27 to both the Court on summary judgment and ultimately a jury. Amazon developed its case strategy based
 28 on the claims actually in the case, and that strategy will have to be significantly revised if WSI is able to

1 add copyright claims at this late a date.

2 **3. The other factors that courts consider do not justify allowing WSI to file a**
supplemental complaint

3 WSI cites a number of other factors in its motion, but none of them are sufficient to justify WSI's
4 filing of a supplemental complaint in light of the futility of WSI's proposed claims, as well as the
5 prejudice that WSI's undue delay has caused Amazon.

6 First, with respect to judicial economy, WSI argues that allowing supplementation will support
7 judicial economy by allowing all claims to be heard at once. But, as explained above, allowing WSI to
8 supplement will also further delay these proceedings, which have already been pending for more than
9 year. Accordingly, judicial economy is, at best for WSI, neutral. *See Jackson v. Bank of Hawaii*, 902
10 F.2d 1385, 1388 (9th Cir. 1990) (quoting *Priddy v. Edelman*, 883 F.2d 438, 447 (6th Cir. 1989), for the
11 proposition that “[p]utting the defendants through the time and expense of continued litigation on a new
12 theory, with the possibility of additional discovery, would be manifestly unfair and unduly prejudicial.”)
13 (internal quotation marks omitted).

14 Second, although perhaps not rising to the level of bad faith, the timing of WSI's request for leave
15 to supplement is notable. WSI has known about the alleged appearance of its copyrighted photographs
16 on Amazon.com since before this litigation began. And even if the Court accepts that WSI had no
17 obligation to investigate its potential copyright claims prior to Ms. Asvat's deposition in August 2019
18 (and the Court should not), WSI waited until January 10, 2020 to so much as **mention** that it was
19 considering copyright claims.

20 That is no accident. WSI first raised the potential for copyright claims at the same CMC where
21 Judge Spero set a settlement conference, after questioning whether this case was actually worth litigating.
22 Specifically, at a December 6, 2019 hearing on a WSI motion to compel Amazon to procure specimens
23 of certain of the Amazon products that WSI accuses of infringing its design patents, Amazon's counsel
24 noted the limited number of sales of the accused products. *See* Dkt. 71, Audio Tr. at 11:20-10:54. The
25 Court asked “why are we fighting about” claims involving such limited number of sales. *Id.* at 5:53-
26 4:50. It further ordered that a case management conference occur in the next 30 days and that Plaintiff
27 provide an estimate of what the case is worth prior to that conference, such that the case could get “on
28

1 track" for settlement if the case were worth less than attorneys' fees. *Id.* 3:24-1:13.

2 In the joint statement in advance of that conference, Amazon noted that WSI had previously
 3 calculated the total revenue from the sales of products at issue in this case at an amount that was likely
 4 less than parties had *already* spent on attorneys' fees. Dkt. 76 at 8. WSI raised its potential copyright
 5 claims at the following case management conference, at which a settlement conference was scheduled.

6 Third, Amazon does not contest that the copyright claims that WSI seeks to bring are related to
 7 WSI's trademark claims in that they both arise from information that third-party sellers contribute to
 8 PDPs.⁸ But, as noted above, there are a number of issues relevant only to the copyright claim, and the
 9 relatedness of the claims, standing alone, is not sufficient to grant WSI's motion. *See, e.g., Nunes*, 375
 10 F.3d at 808 ("Futility alone can justify the denial of a motion for leave to amend."); *Jackson*, 902 F.2d at
 11 1387 ("Prejudice to the opposing party is the most important factor.").

12 **IV. CONCLUSION**

13 For the foregoing reasons, Amazon respectfully requests that the Court deny WSI's motion for
 14 leave to file its proposed second supplemental complaint.

16 Dated: April 3, 2020

DURIE TANGRI LLP

17 By: /s/ Joseph C. Gratz
 18 JOSEPH C. GRATZ
 19 Attorneys for Defendant
 AMAZON.COM, INC.

27 ⁸ Amazon agrees with WSI that the factors regarding (1) whether the second supplemental complaint is
 28 due to the repeated failure to cure a deficiency, (2) whether a final order has been issued, and (3) whether
 the proposed supplemental complaint alleges the violation of a prior court order are not at issue in this
 motion. *See* Mot. 13, 14 n.2.

CERTIFICATE OF SERVICE

I hereby certify that on April 3, 2020 the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing to the attorneys of record in this case.

s/ Joseph C. Gratz
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MARK A. LEMLEY
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